

SOUTHERN PACIFIC BONDS

DIRECTORS ORDER THE SALE OF \$800,000 OF THEM.

Also Call a Stockholders' Meeting for April 17 to Act on a Proposed Issue of \$1,000,000 New Common Stock Bonds Are to Be Offered at 90.

Directors of the Southern Pacific yesterday authorized the sale of \$800,000 of new common stock bonds at 90, and the same time called a special meeting of stockholders for April 17 to authorize the issue of new common stock. The new bonds are to be offered to stockholders at 90. They were dealt in "when and as issued" on the curb yesterday at prices averaging 97 1/2, with 97 1/2 the high and 97 1/2 the low. The "rights" ranged between 1/2 and 3/4.

The company sells the bonds to reimburse it for advances to subsidiaries in recent years when the condition of the bond market made it inadvisable to do long term financing. A large part of the advances has been to the subsidiary which is building the line along the west coast of Mexico. The official announcement of the issue had this to say:

As stated in the last annual report of the company the advances made to the subsidiary companies for the construction of extensions, for betterments, equipment and terminal properties and for the construction of new lines and the acquisition of properties deemed important in economical operation of the properties of the company, have been made by the company and expenditures directly for such purposes up to June 30, 1908, amounted to \$103,332,585.

A portion of the money for the new construction was advanced by the Union Pacific, to which the Southern Pacific was indebted on June 30 last in the sum of \$15,000,000. The indebtedness was reduced by \$20,000,000 in December, 1908, and this will produce funds for Union Pacific in case that company desires to call in the Southern Pacific loans.

FINANCIAL NOTES.

At a meeting of the board of trustees of the Brooklyn Trust Company held February 17, Howard W. Maxwell was elected a trustee for the unexpired term of the late William H. Malt. Mr. Maxwell is president of the Atlas Portland Cement Company and a director of the Nassau National Bank, Brooklyn. He is the eldest son of J. Rogers Maxwell.

GOSSIP OF WALL STREET.

There has been no war in the iron and steel trades since the days before the organization of the United States Steel Corporation. Steel, which, as Andrew Carnegie once remarked, is either a price or a pauper, was far poorer than it has been since the panic, and the slashing of prices, in which John W. Gates was very active, was fatal to some companies and expensive to all. It was one of the objects of the organizers of the big corporation to minimize the possibilities of such trade demoralization in the future, and that object has been attained through good and bad times for the last eight years. In the depression of 1903 the big corporation held the umbrella over the heads of the small manufacturers. It has never adopted an aggressive attitude toward them and has consistently maintained a policy of live and let live. Since the panic it has consistently followed a policy of maintaining stability in the trade and did not consent to a price reduction until a number of other companies were underbidding and taking away trade. If a trade war results from this act, it was said, the attitude of the big corporation is accordingly defensive, though the defense may be a decidedly aggressive one.

Now that there is liquidation in the steel markets there arises in steel circles the interesting question as to whether or not this will be followed by liquidation in the labor market. The stubborn and tenacious workings of the law of supply and demand, it was remarked, have finally upset the agreements of the steel manufacturers in regard to prices, and it was wondered whether wage schedules could stand up under the opposition of the same tough fighter and if to economic history there is to be added a chapter of a panic without radical cut in wages. In the steel and iron trades, as in railroad and only liquidation in the labor market since the panic broke has been in the curtailment of the number of employees. There has been none in wages.

In other trade circles the action of the steel manufacturers created the suggestion that the liquidation in steel and iron prices might have a bearing on general commodity prices, which at no time since the panic have yielded greatly, and which are now on as high a plane as before the panic. It was considered certain that these would decline sharply in case the cut in steel prices is followed by a readjustment of wage schedules, for the cost of living, it was argued, must be adjusted to income. Some of the more pessimistic expressed the opinion that the cut in steel prices alone was a sufficiently potential factor to bring about some shading in general commodity prices.

The strength of the position in which the

steel industry had been brought when the panic broke, it was demonstrated strikingly in the small number of failures in the trade during and after the panic. Only two concerns of any importance went under and the failure of one of these, Milliken Bros., was due to other than general trade reasons. The other, Southern Steel Company, is nearing reorganization and will soon be lifted from receivership to a stronger financial position than before business was affected by the panic.

Southern Pacific, which was heavy in the morning, rallied sharply at midday on the announcement of the terms of the new loan and the conversion into stock being placed at 130, there was nothing in the conversion clause of itself to induce stockholders to exercise their right to subscribe, for with the bonds at 90 the parity of conversion is about 125 for the stock, a higher figure by several points than the stock was selling at. But the bond was considered desirable for reasons more important than the conversion feature and was dealt in on the curb at prices ranging up to 97 1/2. The rights thus have value, and it was generally believed that the bonds would be very heavily subscribed for by stockholders. In this respect it was predicted the disposal of the bonds will be in marked contrast to the last sale of Union Pacific convertibles. Practically all of these had to be taken by the underwriters, the bond market being as dull then as it is brightly now.

Selling pressure, as on the previous day, was exerted principally upon the shares of the steel companies and the railway equipment companies with Steel common as the principal object of attack. Brokers said that more resistance was encountered than on the previous day and at no time did Steel common sell down to a parity with the low price in London. A continuance of concerted bearish operations on the railroad stocks was noted by many brokers, but these operations were opposed by the seemingly assured success of the Southern Pacific financing and the support seemingly given to the Harman stocks on account of the financing. Some of those who favor a lower level of prices were of the opinion that it could not be reached as easily as had been thought.

After the sharp advance of twenty points in sterling exchange one of the international banking houses made some arrangements preliminary to a direct export of gold to London. No engagement of gold was made, the bankers going no further than to make a loan of gold to the bank of the exchange market is again at a standstill. An engagement today would in any event be as advantageous as one made yesterday, for the most desirable feature is one selling to-morrow, and the support seemingly given to the Harman stocks on account of the financing. Some of those who favor a lower level of prices were of the opinion that it could not be reached as easily as had been thought.

THE BUSINESS OUTLOOK.

Various Unsettling Factors Keep Trade at a Low Ebb.

Both Dun & Bradstreet's report business at a low ebb owing to various unsettling factors. Dun's will say to-day:

Improvement in the structure of business is much more pronounced than improvement in the activity of business. While financial and political developments both in Europe and the United States are distinctly better the progress toward the eagerly expected revival of trade is slow, and especially in the iron, copper and coal trades is disappointing.

The decrease in bank clearings in New York, as compared with the corresponding week in 1908, is heavy—23.7 per cent.—this being attributable to the extreme dullness of the security market, but at leading cities outside of New York there is a gain of 9.2 per cent., so that a large volume of business is being carried on.

It is noteworthy as a test of the substantial soundness of the trade situation that the total liabilities of failures reported to R. B. Dun & Co. during January were about \$2,000,000 less than the January average of the five preceding years. In the iron and steel trade a cut in steel prices by a leading producer caused a feeling of uncertainty. Copper continues to drop outside of the United States, though in much better shape, although seasonally quiet. The strength of the situation still lies in the fact that stocks are in no extended state.

Bradstreet's will say to-day: Reports as to trade and industry are irregular, reflecting interruptions due to stormy weather, talk of pending tariff revision and price unsettlement, caused by manufacturers in some leading lines offering concessions to secure business. Taken as a whole the volume of business does not seem to be as good as in the previous months, but the normal collections have felt the between seasons quiet and the effect of bad roads on farmers' deliveries of grain and cotton. Money has been easy, with supplies piling up, except at the metropolitan and demand is still light. The price movement has been irregular. Cereals are all higher, wheat leading in strength, due to the scarcity of cash supplies, while corn feels the effect of light reports from some leading industries are rather less satisfactory. Iron and steel are dull and weaker, with much talk of present or prospective price reductions. Further improvement in the iron and steel market appears to have developed in practically every branch of the iron and steel market. Price cutting by the smaller producers has been a characteristic of the situation for some time past, but it now seems to be recognized that the larger interests will have to fall in line with open reduction. Tariff agitation has been blamed heretofore for unsettlement, but now it is being recognized that the situation with which things are returning to normal are now receiving their proper share of attention.

MARINE INTELLIGENCE.

MINIATURE ALMANAC DAY.

High Water This Day. Sandy Hook, 7:13 (Gov. Island, 7:45) Hell Gate, 9:38.

Arrived—FRIDAY, February 19.

St. Paul, Southampton, Jan. 23.
St. Gallien, Mar. 27.
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The Farmers' Loan and Trust Company.

Chartered 1822

No. 16, 18, 20 & 22 William Street

Branch Office, 475 Fifth Avenue, New York.

LONDON: 18 Bishopgate St. Within.

PARIS: 41 Boulevard Haussmann

Bills of Exchange, Cheques and Cable Transfers.

Travelers' Letters of Credit

Payable Throughout the World

Administrator

Guardian

Franklin Trust Company

166 MONTAGUE STREET, BROOKLYN

140 BROADWAY, NEW YORK

Acts in every fiduciary capacity. Allows interest on Demand and Time Deposits

TO STOCKHOLDERS AND BONDHOLDERS OF

DOMINION COPPER CO.

Before paying the assessment and assenting to the proposed plan of

REORGANIZATION

write for complete review of the history of the company,

showing past changes of organization and present status.

19 Exchange P. J. THOMAS REINHARDT 35 BROAD ST.

Boston, Mass. J. THOMAS REINHARDT NEW YORK

PRIVATE WIRES—UNEQUALLED SERVICE IN EXECUTING ORDERS

REDEMPTION NOTICE

CHICAGO & NORTH WESTERN RAILROAD CO.

GENERAL MORTGAGE BONDS

Trustees, 1000 North Dearborn Street, Chicago, Ill.

The Trustee has this day designated, by lot,

the following:

3377 5001 7216 8706 10510 12706

3387 5009 7231 8716 10516 12706

3397 5019 7241 8726 10526 12716

3407 5029 7251 8736 10536 12726

3417 5039 7261 8746 10546 12736

3427 5049 7271 8756 10556 12746

3437 5059 7281 8766 10566 12756

3447 5069 7291 8776 10576 12766

3457 5079 7301 8786 10586 12776

3467 5089 7311 8796 10596 12786

3477 5099 7321 8806 10606 12796

3487 5109 7331 8816 10616 12806

3497 5119 7341 8826 10626 12816

3507 5129 7351 8836 10636 12826

3517 5139 7361 8846 10646 12836

3527 5149 7371 8856 10656 12846

3537 5159 7381 8866 10666 12856

3547 5169 7391 8876 10676 12866

3557 5179 7401 8886 10686 12876

3567 5189 7411 8896 10696 12886

3577 5199 7421 8906 10706 12896

3587 5209 7431 8916 10716 12906

3597 5219 7441 8926 10726 12916

3607 5229 7451 8936 10736 12926

3617 5239 7461 8946 10746 12936

3627 5249 7471 8956 10756 12946

3637 5259 7481 8966 10766 12956

3647 5269 7491 8976 10776 12966

3657 5279 7501 8986 10786 12976

3667 5289 7511 8996 10796 12986

3677 5299 7521 9006 10806 12996

3687 5309 7531 9016 10816 13006

3697 5319 7541 9026 10826 13016

3707 5329 7551 9036 10836 13026

3717 5339 7561 9046 10846 13036

3727 5349 7571 9056 10856 13046

3737 5359 7581 9066 10866 13056

3747 5369 7591 9076 10876 13066

3757 5379 7601 9086 10886 13076

3767 5389 7611 9096 10896 13086

3777 5399 7621 9106 10906 13096

3787 5409 7631 9116 10916 13106

3797 5419 7641 9126 10926 13116

3807 5429 7651 9136 10936 13126

3817 5439 7661 9146 10946 13136

3827 5449 7671 9156 10956 13146

Southern Pacific Company

TREASURER'S OFFICE

120 BROADWAY

New York, N. Y., February 19, 1909.

To the Stockholders of the Southern Pacific Company:

Pursuant to a resolution of the Board of Directors, adopted February 19, 1909, but subject to the increase of the authorized capital stock of the Company by the stockholders at the annual meeting which has been called to convene April 7, 1909, or at any adjournment thereof, the privilege will be given to the holders of the Preferred Stock and Common Stock of the Company to subscribe, at 90 per cent. with an adjustment of accrued interest, upon the terms and conditions hereinafter stated, of the new common stock of the Company, for an amount of the Convertible Bonds, hereinafter called, equal to thirty per cent. (30%) of their respective holdings of the stock of the Company as registered on its books at 3 o'clock P. M. March 15, 1909. The bonds referred to will be Four Per Cent. Twenty Year Convertible Gold Bonds of an authorized issue not exceeding \$82,000,000. The bonds will be convertible (except as hereinafter provided) at the option of the holder at any time after issue and prior to June 1, 1919, into paid-up shares of the Common Stock of the Company at \$130 per share. The entire issue, but not a part thereof, may be called for redemption by the Company on March 1, 1914, or on any semi-annual interest day thereafter, on ninety days' notice, at 105 per cent. of the face value thereof and accrued interest, but if so called during the conversion period the bonds may be converted up to thirty days prior to the redemption date named in any such notice. Adjustment of accrued interest and current dividend will be made at the time of conversion.

The bonds will be payable on June 1, 1929, and will bear interest from June 1, 1909, at the rate of four per cent. per annum, payable semi-annually on March 1st and September 1st. The first coupon will be payable September 1, 1909, and will represent three months' interest. Both principal and interest will be payable in gold coin of the United States or of equal to the present standard of weight and fineness, without deduction for any tax or taxes which the Company may be required to pay thereon or to retain therefrom under any present or future law of the United States of America, or of any state, county or municipality therein. They will be issued as coupon bonds each for the principal sum of \$1,000 with the privilege of registration as to principal and exchangeable for registered bonds without coupons, each for the principal sum of \$1,000 or any multiple thereof that may be authorized by the Board of Directors. The registered bonds will be exchangeable for coupon bonds.

Warrants signed by the Treasurer or an Assistant Treasurer will be issued to each stockholder as soon as possible after the closing of the books on March 15, 1909, specifying the amount of bonds in respect of which the stockholder is entitled to a subscription privilege. Warrants entitling the holder to subscribe as hereinafter stated will be issued only for amounts of \$1,000 or multiples thereof. For each fraction of a \$1,000 bond in respect of which a holder is entitled to a subscription privilege, a fractional warrant will be issued. After April 15, 1909, all fractional warrants will be void and of no effect. No subscription may be made on a fractional warrant, but if surrendered on or before April 15, 1909, to the Treasurer, with other fractional warrants aggregating an amount of \$1,000, a subscription warrant for a \$1,000 bond will be issued in exchange, and if the surrendered fractional warrants include a fraction in excess of \$1,000, a new fractional warrant will be issued for such fraction. Fractional warrants desired by stockholders to complete full